

Message Text

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PAGE 01 ANKARA 01264 161211Z
ACTION EUR-12

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STATE FOR COUNSELOR NIMETZ

PASS AGRIC/FAS ELECTRONICALLY

E.O. 11652: NA
TAGS: ETRD, BDIS, EAGR, TU
SUBJECT: TRADE COMPLAINT: CONTINENTAL GRAIN

REF: STATE 36237

1. E/C COUNSELOR AND AGATT CALLED ON NEW TURKISH MINISTER OF AGRICULTURE MEHMET YUCELER EVENING OF FEBRUARY 14 TO DETERMINE HIS INTEREST IN ARRIVING AT NEGOTIATED SETTLEMENT OF TRADE DISPUTE WITH CONTINENTAL GRAIN. MINISTER WAS RECEPTIVE TO IDEA OF EXPLORING THIS POSSIBILITY WITH CONTINENTAL GRAIN REPRESENTATIVES BUT SAID THAT BEFORE HE COULD AGREE TO APPOINTMENT WITH THEM HE WOULD HAVE TO OBTAIN CONCURRENCE OF PRIME MINISTER AND OTHER CABINET MEMBERS.

2. E/C COUNSELOR GAVE MINISTER BRIEF REVIEW OF HISTORY OF THE DISPUTE, CONCLUDING BY INFORMING HIM THAT CONTINENTAL GRAIN PREFERS TO NEGOTIATE A SETTLEMENT ALONG THE LINES
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PAGE 02 ANKARA 01264 161211Z

OF ITS 1976 PROPOSAL, DESPITE THE FACT THAT THE GRAIN AND FEED TRADES ASSOCIATION (GAFTA) AND A BRITISH COURT HAD DECIDED AGAINST THE TURKISH GOVERNMENT IN THIS MATTER. SHE SAID THAT MR SORENSEN AND CONTINENTAL OFFICIALS WOULD BE WILLING TO TRAVEL TO ANKARA TO DISCUSS PROPOSAL IF THEY COULD BE ASSURED OF AN APPOINTMENT WITH HIGH-LEVEL OFFICIALS WHO WOULD BE PREPARED TO GIVE SERIOUS CONSIDERATION

TO THEIR PROPOSAL.

3. MINISTER RESPONDED BY STATING HIS APPRECIATION TO EMBASSY AND CONTINENTAL GRAIN FOR TRYING TO FIND A SOLUTION TO THE LONG OUTSTANDING DISPUTE. HE RECOGNIZED GOOD WILL THAT US SIDE WAS SHOWING IN PROPOSING DISCUSSIONS AND BELIEVED THAT A SOLUTION COULD BE FOUND THAT WOULD RESPECT THE INTERESTS OF THE TWO PARTIES. HE DID NOT WANT SUCH TRADE DISPUTES TO OCCUR, ESPECIALLY IN THE CONTEXT OF US/TURKISH TRADE RELATIONS.

4. MINISTER HOPED THAT REPRESENTATIVES OF THE CONTINENTAL GRAIN WILL NOT COME TO ANKARA WITH PROPOSAL THAT WILL BE DIFFICULT TO ACCEPT. HE SUGGESTED SEVERAL CONDITIONS WHICH WOULD FACILITATE AN AGREEMENT. (A) CONTINENTAL'S OFFER SHOULD NOT BE A BURDEN ON THE TURKISH TREASURY (I.E, IT SHOULD NOT COST GOT FOREIGN EXCHANGE). (B) IT SHOULD NOT LEAD IN ANY WAY TO CRITICISM OF PRESENT GOVERNMENT FOR MAKING A WRONG DECISION. (C) PRICE OFFERED FOR PURCHASE OF WHEAT SHOULD BE "REASONABLE". (D) PAYMENT MUST BE IN CASH, NOT IN FORM OF A CREDIT. (E) PERIOD OF DELIVERY SHOULD BE EXTENDED AS LONG AS POSSIBLE.

5. SINCE COMMITMENTS FOR SOME OF THE WHEAT STOCKS HAVE ALREADY BEEN MADE, MINISTER DID NOT KNOW WHETHER OR LIMITED OFFICIAL USE

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PAGE 03 ANKARA 01264 161211Z

NOT TOTAL QUANTITY THAT CONTINENTAL GRAIN MIGHT WANT TO PURCHASE COULD BE SUPPLIED FROM EXISTING STOCKS. EMBASSY ASSUMES THAT SIZE OF 1978 WHEAT CROP WILL BE A DETERMINING FACTOR IN ANY ARRANGEMENT THAT MAY BE WORKED OUT. PRESENT CONGESTION OF PORTS RESULTING FROM LAST YEAR'S SALES WILL ALSO BE A FACTOR IN DELIVERY SCHEDULE.

6. AFTER THE CONCLUSION OF HIS CONSULTATIONS WITH PRIME MINISTER AND CABINET MEMBERS, WHICH MINISTER SAID WOULD BE ACCOMPLISHED IN A SHORT TIME, HE WILL ADVISE EMBASSY WHETHER GOT BELIEVES A VISIT BY MR SORENSEN AND HIS COLLEAGUES COULD BE USEFUL.

7. ALSO PRESENT AT THE MEETING WERE HAYATI OLEZ, DIRECTOR OF BILATERAL AGREEMENTS, MINISTRY OF AGRICULTURE; CEMALETTIN SENOCAK, ACTING GENERAL DIRECTOR OF FOREIGN RELATIONS, MINISTRY OF AGRICULTURE; OGUZ UNVER, DIRECTOR OF PURCHASING AND STORAGE, SOIL PRODUCTS OFFICE (TMO); ZEKAI BURAK, DIRECTOR OF PLANNING DEPARTMENT, TMO.

8. COMMENT: MINISTER YUCELER APPEARS TO HAVE PERSONAL DESIRE TO SETTLE LONG-STANDING DISPUTE. HE MAY, HOWEVER,

HAVE A PROBLEM IN CONVINCING OTHER CABINET MEMBERS THAT
A PORTION OF THE WHEAT SURPLUS SHOULD BE USED TO SETTLE
THE CONTINENTAL CLAIM RATHER THAN TO PAY FOR IMPORTS THEY
CONSIDER TO BE NECESSARY. TURKEY HAS, FOR EXAMPLE,
INADEQUATE FOREIGN EXCHANGE TO PAY FOR SUCH CRITICAL
NECESSITIES AS PETROLEUM AND FERTILIZERS. EMBASSY WILL
INFORM DEPARTMENT OF MINISTER'S RESPONSE AS SOON AS IT
IS RECEIVED.

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